

Message Text

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PAGE 01 BERN 02523 090727Z

17

ACTION EB-07

INFO OCT-01 AF-08 EUR-12 EA-07 ISO-00 AID-05 CIAE-00

COME-00 FRB-03 INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02

OPIC-03 SP-02 CIEP-01 OMB-01 L-03 SS-15 NSC-05 IO-13

/101 W

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R 061752Z AUG 76

FM AMEMBASSY BERN

TO SECSTATE WASHDC 3006

INFO AMEMBASSY TOKYO

AMEMBASSY BRUSSELS

AMEMBASSY OTTAWA

AMEMBASSY BONN

AMEMBASSY STOCKHOLM

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY LONDON

AMEMBASSY KINSHASA

AMEMBASSY THE HAGUE

C O N F I D E N T I A L BERN 2523

EO 11652: GDS

TAGS: EFIN SZ

SUBJ: ZAIRE DEBT RESCHEDULING

REF: STATE 194305

1. WE HAVE RAISED QUESTIONS REFTEL WITH JEAN GERBER, DIVISION OF COMMERCE, WHO RETURNED FROM ZAIRE TEN DAYS AGO.

2. GOS DOES NOT HAVE LONG-TERM DEBT PROBLEM. DEBT IS SHORT-TERM, OWNED BY IMPORTERS TO A NUMBER OF SWISS FIRMS. LOCAL CURRENCY PAYMENTS ARE BEING MADE, BUT LETTERS OF CREDIT APPROVED BY THE CENTRAL BANK FOR PAYMENT IN FOREIGN CURRENCY ARE NOT BEING HONORED. SWISS ARE BARGAINING WITH CONFIDENTIAL

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PAGE 02 BERN 02523 090727Z

THE CENTRAL BANK IN AN EFFORT TO OBTAIN HARD-CURRENCY PAYMENT.

UNLESS THIS DEBT IS CONSOLIDATED, HOWEVER, IT WOULD NOT FALL WITHIN THE TERMS NEGOTIATED IN PARIS; INDIVIDUAL DEBTS ARE TOO SMALL OR TOO SHORT-TERM. THEREFORE GOS HAS NO PRESENT INTENTION OF IMPLEMENTING A BILATERAL AGREEMENT WITH ZAIRE.

3. THERE IS ONLY ONE SWISS COMMERCIAL BANK LOAN TO ZAIRE, SO FAR AS GOS IS AWARE, AND GERBER DOES NOT KNOW WHETHER GOZ HAS BEEN MAKING INTEREST OR OTHER PAYMENTS ON THIS LOAN. WE ARE RELUCTANT TO APPROACH THE BANK DIRECTLY, SINCE GERBER WAS FEARFUL THAT IN TELLING US ABOUT THE LOAN HE MIGHT HAVE ACTED CONTRARY TO SWISS BANKING SECRECY REGULATIONS.

4. GERBER WAS PESSIMISTIC ABOUT ZAIRE'S ECONOMIC PROSPECTS. HE SAID THAT UNLESS ZAIRE CAN EXPORT SUFFICIENT COPPER HE DOES NOT SEE HOW IT CAN MEET ITS OBLIGATIONS. IN HIS VIEW THE RAILWAY THROUGH ANGOLA WILL BE CLOSED FOR A LONG TIME; THE ROUTE VIA MATADI REQUIRES TOO MANY TRANSFERS RAIL-WATER-RAIL, AND NONE OF THE OTHER POSSIBLE ALTERNATIVES OFFER MUCH HOPE.

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Message Attributes

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Margaret P. Grafeld
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04 MAY 2006

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To: STATE
Type: TE
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